



FEDERAL RESERVE SYSTEM

Agency Information Collection Activities: Announcement of Board Approval under Delegated Authority and Submission to OMB

AGENCY: Board of Governors of the Federal Reserve System

SUMMARY: Notice is hereby given of the final approval of proposed information collections by the Board of Governors of the Federal Reserve System (Board) under OMB delegated authority. Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the Paperwork Reduction Act Submission, supporting statements and approved collection of information instrument(s) are placed into OMB's public docket files. The Federal Reserve may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB control number.

FOR FURTHER INFORMATION CONTACT: Federal Reserve Board Clearance Officer – Nuha Elmaghrabi – Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC 20551 (202) 452-3829. Telecommunications Device for the Deaf (TDD) users may contact (202) 263-4869, Board of Governors of the Federal Reserve System, Washington, DC 20551.

OMB Desk Officer – Shagufta Ahmed – Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, 725 17th Street, NW, Washington, DC 20503.

Final approval under OMB delegated authority of the extension, without revision, of the following reports:

1. *Report title:* Recordkeeping and Disclosure Requirements Associated with Regulation II (Debit Card Interchange Fees and Routing).

Agency form number: Reg II.

OMB control number: 7100-0349.

Frequency: On occasion.

Reporters: State member banks, national banks, insured nonmember banks, savings associations, and Federally-chartered credit unions.

Estimated annual reporting hours: Implement policies & procedures, 2,400 hours; Review and update policies and procedures, 5,240 hours; and Annual notification and change in status, 131 hours.

Estimated average hours per response: Implement policies & procedures, 160 hours; Review and update policies and procedures, 40 hours; and Annual notification and change in status, 1 hour.

Number of respondents: Implement policies & procedures, 15 respondents; Review and update policies and procedures, 131 respondents; and Annual notification and change in status, 131 respondents.

General description of report: This information collection is required to obtain or retain a benefit ((15 U.S.C. 1693o-2(a)(5)) and is not given confidential treatment.

Abstract: Regulation II implements, among other things, standards for assessing whether interchange transaction fees for electronic debit transactions are reasonable and proportional to the cost incurred by the issuer with respect to the transaction, as required by section 920 of the Electronic Fund Transfer Act. The regulation sets a cap of 21 cents plus 5 basis points of the transaction's value on interchange transaction fees of covered issuers.

Regulation II allows adjustments to debit card interchange transaction fees to make an allowance for fraud-prevention costs incurred by issuers. The regulation permits an issuer to receive or charge an amount of no more than 1 cent per transaction in addition to its interchange transaction fee if the issuer develops and implements policies and procedures that are reasonably designed to take effective steps to reduce the occurrence of, and costs to all parties from, fraudulent electronic debit transactions. An issuer must notify its payment card networks annually that it complies with the Federal Reserve's standards for the fraud-prevention adjustment.

Regulation II requires issuers to retain evidence of compliance with the requirements imposed for a period of not less than five years after the end of the calendar year in which the electronic debit transaction occurred.

Current Actions: On September 15, 2015 the Federal Reserve published a notice in the Federal Register (80 FR 55360) requesting public comment for 60 days on the extension, without revision, of the Recordkeeping and Disclosure Requirements Associated with Regulation II (Debit Card Interchange Fees and Routing). The comment period for this notice expired on November 16, 2015. The Federal Reserve did not receive any comments. The information collection will be extended for three years, without revision, as proposed.

2. *Report title:* Recordkeeping Requirements of Regulation H and Regulation K Associated with Bank Secrecy Act Compliance Programs.

Agency form number: Reg K.

OMB control number: 7100-0310.

Frequency: Annually.

Reporters: State member banks; Edge and agreement corporations; and U.S. branches, agencies, and other offices of foreign banks supervised by the Federal Reserve.

Estimated annual reporting hours: Establish compliance program, 160 hours; and maintenance of compliance program, 4,872 hours.

Estimated average hours per response: Establish compliance program, 16 hours; and maintenance of compliance program, 4 hours.

Number of respondents: Establish compliance program, 10; and maintenance of compliance program, 1,218.

General description of report: The standards for Bank Secrecy Act (BSA) compliance programs associated with section 208.63 of Regulation H and with sections 211.5(m)(1) and 211.24(j)(1) of Regulation K are generally authorized pursuant to the BSA. In addition, sections 11, 21, 25, and 25A of the Federal Reserve Act authorize the Board to require the information collection and recordkeeping requirements set forth in Regulations H and K. Section 5 of the Bank Holding Company Act and section 13(a) of the International Banking Act provide further authority for sections 211.5(m) and 211.24(j)(1) of Regulation K. Since the Federal Reserve does not collect any information, no issue of confidentiality normally arises. However, if a BSA compliance program becomes a Federal Reserve record during an examination, the information may be protected from disclosure under exemptions (b)(4) and (b)(8) of the Freedom of Information Act.

Abstract: Section 208.63 of Regulation H requires state member banks to establish and maintain the same procedures. Sections 211.5(m)(1) and 211.24(j)(1) of Regulation K require Edge and agreement corporations and U.S. branches, agencies, and other offices of foreign banks supervised by the Federal Reserve to establish and maintain procedures reasonably designed to ensure and monitor compliance with the BSA and related regulations. There are no required reporting forms associated with this information collection.

Current Actions: On September 15, 2015 the Federal Reserve published a notice in the Federal Register (80 FR 55360) requesting public comment for 60 days on the extension, without revision, of the Recordkeeping Requirements of Regulation H and Regulation K Associated with Bank Secrecy Act Compliance Programs. The comment period for this notice expired on November 16, 2015. The Federal Reserve did not receive any comments. The information collection will be extended for three years, without revision, as proposed.

Board of Governors of the Federal Reserve System, December 3, 2015.

Robert deV. Frierson,
Secretary of the Board.

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